

MULTIMEDIA



UNIVERSITY

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2015/2016

TME 3221 – MARKETING AND E-COMMERCE

(All sections / Groups)

10 MARCH 2016
2.30 p.m. - 4.30 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 9 pages excluding cover page with 7 Questions only.
2. Attempt **ALL** FIVE questions in Part A and only **ONE** out of TWO questions in Part B. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please print all your answers in the Answer Booklet provided.

PART A: Answer ALL questions (50 marks).**QUESTION 1**

Brent Walker, vice president and CMO at C2B Solutions, says the distinguishing feature of C2B is that customers bring value to the company. "This could involve consumers co-creating ideas, product/service concepts and solutions with a company through social media. C2B can also mean that a business brings consumer insights and consumer-centric solutions to another business as its primary service or value-added offering," Walker told Business News Daily.

C2B business models include reverse auctions, in which customers name the price for a product or service they wish to buy. Another form of C2B occurs when a consumer provides a business with a fee-based opportunity to market the business's products on the consumer's blog. For example, food companies may ask food bloggers to include a new product in a recipe, and review it for readers of their blogs. YouTube reviews may be incentivised by free products or direct payment. This could also include paid advertisement space on the consumer website. Google Adwords/Adsense has enabled this kind of relationship by simplifying the process in which bloggers can be paid for ads. Services such as Amazon Affiliates allow website owners to earn money by linking to a product for sale on Amazon.

The C2B model has flourished in the Internet age because of ready access to consumers who are "plugged in" to brands. Where the business relationship was once strictly one-directional, with companies pushing services and goods to consumers, the new bi-directional network has allowed consumers to become their own businesses. Decreases in the cost of technologies such as video cameras, high-quality printers and Web development services give consumers access to tools for promotion and communication that were once limited to large companies. As a result, both consumers and businesses can benefit from the C2B model.

For the C2B relationship to be fulfilled, the participants must be clearly defined. The consumer could be any individual who has something to offer a business, either a service or a good. Examples could be a blogger, as mentioned before, or a photographer offering stock images to businesses. The consumer could also be someone answering a poll through a survey site, or offering job-hiring services by referring someone through referral hiring sites such as elance.com.

The business in this model could be any company planning to buy goods or services from individuals either directly or indirectly. An intermediary would connect the business that needs a service or a good to the mass of individuals, acting as a portal both for buyers and sellers. For example, the intermediary could be a company looking to fill a job through a referral hiring site, a company seeking to advertise online through Google Adwords, or a company that needs individuals to take surveys and provide market research.

Continued

Because C2Bs are relatively new, underlying legal issues such as how to bill and receive money have yet to be fully sorted out. A traditional firm would pay wages to a limited group of employees, but C2B businesses could potentially have to process thousands of customer payments. Fortunately, intermediaries often take care of the financial and legal aspects of C2B transactions. Services like PayPal and Google Wallet ease the burden of payment, and Google AdSense pays webmasters by sending them checks in dollars, incurring shipping fees for Google and currency conversion fees for international users.

Growing your C2B business requires dedication and a few special skills. "B2B typically relies on its sales function and account management team to establish and strengthen customer/client relationships," Walker said.

According to Walker, companies interested in extending their models to reach a C2B audience should consider the following marketing tools:

- Market research (quantitative surveys, qualitative interviews, segmentation).
- Consumer feedback channels, such as rating and reviews, customer service lines, avenues for suggestions/comments.
- Social media, such as online consumer user communities, Facebook pages, Twitter followings, etc.

Source: Katherine Arline, BusinessNewsDaily Contributor, January 2, 2015 10:13 am EST

- a. Define *e-commerce* with an example from the above article. (2 marks)
- b. What are the **TWO (2)** suitable e-commerce models used by Google Adwords/AdSense? Give one example for each model? (2 marks)
- c. Propose **ONE (1)** suitable e-commerce application for Amazon and Google Adwords/AdSense. Give reason for the chosen application. (1 mark)

Continued

- d. **Figure 1** is an e-commerce framework relating business strategies. Name **FIVE (5)** appropriate business strategies and one example for each strategy that is applicable to the article. (5 marks)

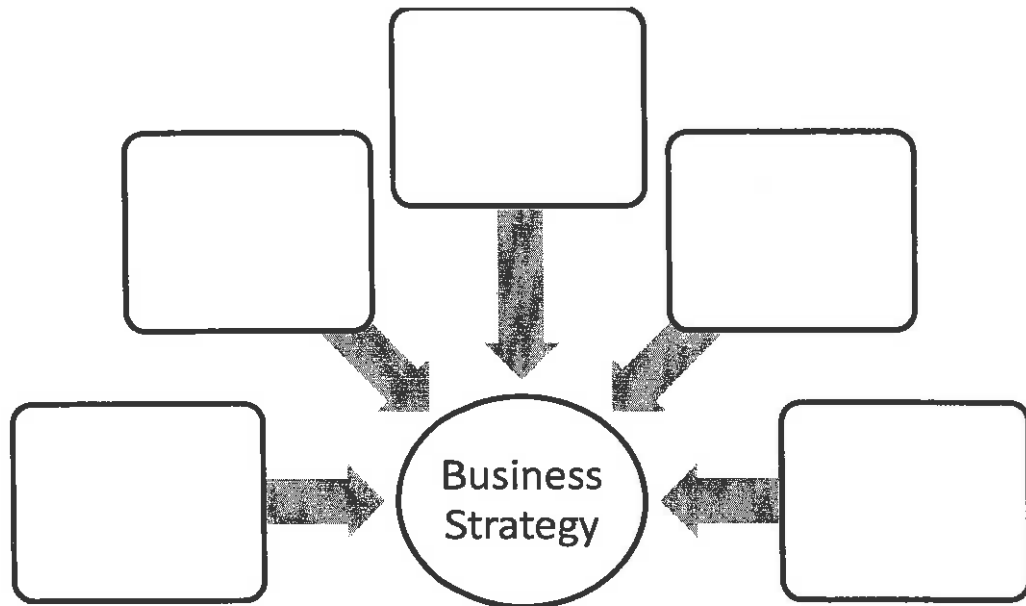


Figure 1: E-commerce Framework

Continued

QUESTION 2

ABC.com is an online bookstore selling books to public.

- a. Draw convergence of e-commerce categories for ABC.com. (5 marks)

DEF.com is an online retailer selling healthcare products to consumers since 2010. DEF.com has opened its first physical store at Kuala Lumpur recently. DEF.com's customers with pickup codes can get their healthcare product orders at collection lockers which are distributed in shopping centres and commercial blocks.

- b. Propose **FOUR (4)** sales promotions that can be used by DEF.com. (2 marks)
- c. Explain the expansion efforts of e-commerce model(s) used by DEF.com? (2 marks)
- d. What is MIS in e-commerce? (1 mark)

QUESTION 3

- a. Companies creating new products for online sale must decide whether to use existing brand names, create new brand names for new products, or whether to cobrand. Under what circumstances would it make sense to take an existing brand name online? When would it not make sense? (4 marks)
- b. Briefly explain product labels. How does labeling work on the Internet?(3 marks)
- c. Information technology can be expensive, but once it is running smoothly it can create tremendous cost efficiencies - putting both upward and downward pressure on prices. Explain **THREE (3)** factors that put upward pressure on prices in the Internet channel. (3 marks)

Continued

QUESTION 4 and QUESTION 5

Apple has become the face of mainstream technology and innovation in the modern era. They develop and manufacture products such as the iPod, iPhone, iPad, Apple TV, iMac, and Macbook. Apple has created iTunes, which is software that allows customers to purchase and download music, movies, television shows, books, podcasts, and applications. The creation of iTunes was key to the success of Apple's hardware, primarily the iPod. Software such as iPhoto, iMovie, and Garageband have enabled users to manage photos, videos, and audio files to create projects with those files. Apple also has software to compete with Microsoft Office; Pages, Numbers and Keynote contrast Microsoft Word, Excel and Powerpoint respectively.

Besides the emergence of their dedicated retail locations, Apple products are also widely available in many retailers such as Best Buy, Future Shop, and Wal-Mart. Ordering products directly from Apple on their website is also an option for consumers.

Depending on the product, Apple's pricing falls within several areas. Both the iMac and Macbook series computers are priced at a premium. They retail in price from \$1049 up to \$3000 depending on the model. In contrast, the iPod, iPhone, iPad, and Apple TV are inexpensive and widely available to consumers. Finally, iTunes has content available for a small fee, including some apps, videos, and music. Select items can also be downloaded free of charge.

Source: <http://macapplepod.wikispaces.com/Products+and+Pricing>

QUESTION 4

- a. Name any **TWO (2)** Product Mix Strategies used by Apple.
Give **TWO (2)** examples for each of the strategy. (6 marks)
- b. What are the places included in Apple's Distribution strategy? (3 marks)
- c. Propose **TWO (2)** other suitable places for Apple's Distribution strategy. (1 mark)

Continued

QUESTION 5

- a. Explain **TWO (2)** Pricing Strategies used by Apple. (4 marks)
- b. "Apple's buyers and sellers know the price". Why this is an important concept for Apple? (3 marks)
- c. Describe **THREE (3)** suitable Promotion Methods that can be used by Apple. (3 marks)

PART B: Answer either Question 6 OR Question 7 only (10 marks).

QUESTION 6

Select ONE best answer for each multiple-choice question below.

- i) _____ is the subset of e-business focused on transactions that include buying/selling, digital value creation, and virtual marketplaces.
 - A. E-commerce
 - B. E-marketing
 - C. Digital technology
 - D. ESP
- ii) Most businesses spend more money acquiring new customers than they spend keeping current customers.
 - A. True
 - B. False
- iii) Most customers would prefer to be brand disloyal in favor of finding the lowest price for each purchase, so marketers must entice them into loyalty through special offers.
 - A. True
 - B. False
- iv) *Cyber squatting* refers to practices whereby one party registers domain names belonging to or resembling the trade names of others.
 - A. True
 - B. False

Continued

- v) Shrinkwrap, clickwrap, and break-the-seal represent methods of corporate attempts to communicate software licensing obligations to consumers.
- A. True
B. False
- vi) Online oxygen is a term coined by www.trendwatching.com which refers to ____.
- A. empowering customers
B. multitasking on the internet
C. addictive nature and qualities of the internet
D. instant messaging
- vii) Which of the following is a *ubiquitous application*, meaning it is able to function without a user's knowledge or control?
- A. Java applet
B. Windows
C. E-mail
D. XML
- viii) Marketers commonly base their segmentation of consumer markets on ____.
- A. demographics
B. geographic location
C. psychographics
D. all of the above
- ix) _____ is what a company does to the product, as opposed to _____, which is what a company does to the mind.
- A. Differentiation; Positioning
B. Positioning; Differentiation
C. Differentiation; Commercialisation
D. Positioning; Commercialisation
- x) Which of the following is the biggest problem with price differentiation?
- A. difficult to market
B. lowers value proposition
C. easily duplicated
D. quality is more important to buyers on the Internet

Continued

QUESTION 7

Select ONE best answer for each multiple-choice question below.

- i) E-marketing affects traditional marketing in which of the following ways?
- A. increases efficiency of traditional marketing functions
 - B. technologically transforms marketing strategies
 - C. marginalises customer value but increases profitability
 - D. both A and B
- ii) Targeting is the process of selecting the market segments that are most attractive to the firm and selecting an appropriate segment coverage strategy.
- A. True
 - B. False
- iii) Product distribution is a critical driving force in geographic segmentation.
- A. True
 - B. False
- iv) Metatags can be used to protect against one's own or cyber squat against another's intellectual property, product, or trade name.
- A. True
 - B. False
- v) The mass distribution of unsolicited electronic mail is often referred to as *spam*.
- A. True
 - B. False
- vi) Critics of opt out presumptions argue which of the following points?
- A. average consumers are often confused by many opt out routines
 - B. consumers prefer targeted advertising
 - C. the ability of consumers to opt-out cuts down on the effectiveness of marketing efforts
 - D. opt out policies keep marketers from learning anything about consumers

Continued

- vii) Which of the following companies have been subject to criticism regarding their possible misuse of users' private information?
- A. DoubleClick
 - B. America Online
 - C. Facebook
 - D. All of the above
- viii) A firm using relationship marketing focuses on _____.
- A. market share
 - B. wallet share
 - C. time share
 - D. relationship share
- ix) Which of the following is an advantage of connecting customers with supply chain businesses?
- A. all companies will share transaction data so inventories can be kept low
 - B. customer service reps will have up-to-the-minute inventory information and be able to help consumers more immediately
 - C. upstream firms can use data to design products that better meet consumer needs
 - D. all of the above
- x) Important tools that aid firms in customising products to groups of customers or individuals include _____ strategies that reside on the company's Web and e-mail servers, and _____ strategies that are initiated by internet users.
- A. push; pull
 - B. pull; push
 - C. marketing; brochureware
 - D. marketing; inquiry

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